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SUBJECT: Ministry of Agriculture Deputy Undersecretary
discusses WTO rice case

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1. (SBU) Summary. In a January 4 meeting, Ministry of Agriculture Deputy Undersecretary Nebi Celik and other Turkish government officials to discussed the WTO rice case. Celik stressed that Turkey hopes to resolve this issue before it goes to panel. He also made clear that policy changes cannot happen in a short period of time. The Turkish delegation is waiting for a response from the USTR Geneva. End Summary.

Celik's description of the Turkish Rice Policy

2. (SBU) Turkish Grain Board representatives stated on January 4 that the GOT is now issuing import licenses for out of quota imports, and that the current domestic rice purchasing requirement place ends on July 31, 2006. Turkish Grain Board General Director, Ismail Kemaloglu, added that if there are no changes in the law after July 31, then it would go back to "normal policy," which he clarified by saying that the requirement for purchasing domestically produced rice would be eliminated.

3. (SBU) Celik elaborated that the reason Turkey applied this policy of requiring importers to first purchase domestically produced rice is that rice is only produced in specific areas and on small farms in Turkey. He explained that this policy was put in place to protect small, weak domestic farmers. He also said that changes in government policies on rice cannot be accomplished over night. The GOT, he continued, considered changing its policy last year but the time period was too short and they needed more time. This year, according to Celik, the GOT has decided to review this policy and he believes that whatever is necessary will be accomplished this year.

4. (SBU) Turkish Grain Board officials stated that the current rice situation is beneficial to the United States and that is the reason the GOT rejected Australia and Thailand's participation in the meetings in Geneva. Turkish companies prefer U.S. rice, but he said that without this system, rice from other countries will benefit (Note: such as Egyptian milled rice. End note.). He also made a point to say that he has spoken with the Turkish Industry based in the U.S. and they do not believe that the Turkish rice policy has adversely affected U.S. rice exports to Turkey.

Celik's Comments Regarding the WTO Rice Case

5. (SBU) Celik said that the GOT answered the questions posed by the United States in Geneva and is awaiting a response from USTR. He added that the GOT is very interested in working with the United States to find a solution to this situation before the case moves to the panel stage. They left with a positive impression from the meetings in Geneva and are very eager to come to a mutually agreed upon solution. He asked, "What is expected from Turkey now?"

6. (SBU) COMMENT: The Turkish Grain Board representatives were confused on when the 60 day consultation period ends and the panel begins. It was their impression that at the end of the meeting in Geneva there was a mutual agreement between the heads of the Turkish and U.S. delegations that the period would be extended due to the Christmas and New Year holidays, the January 9 - 15 Sacrifice Holiday, and the Hong Kong negotiations. Since they did not receive a response from the United States to their answers, they were unable to make any further comments. We explained our view that the consultation period started on the day USTR filed the complaint at the WTO but added that we would convey their request for a response to Washington.

17. (SBU) U.S. Embassy representatives emphasized that a mutually agreed solution will have to address both the domestic purchase requirement and the denial of import licenses at the applied over-quota rate. The Turkish officials reiterated their hope that such an agreement could be reached prior to the issue going to panel. We encouraged them to remain in contact with the Turkish representative to the WTO as all decisions and exchange of information must be made in Geneva. They expressed a desire to meet with us again after the local Sacrifice Holiday.

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